

Restructuring Resources for High-Performing Schools *A Primer for State Policymakers—Summary*

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Billions of education dollars are trapped each year. At this time of continued budget shortfalls when every dollar spent on education must yield maximum returns in student outcomes—states are frequently tying the hands of districts. And while funding adequacy and equity must remain a priority for states, ensuring that limited resources are used as effectively as possible is paramount. States can use this moment of combined reform and financial pressure, to set policies and promote action that will create the right conditions for change at the local level. Education Resource Strategies (ERS) with EducationCounsel identifies four areas in which state policymakers can make a big difference:

I. Organizing People and Time

More than 80 percent of school operating expenditures pay for compensation, with most of that paying for teacher compensation. Effectively managing the teaching force is critical to transformation and financial stability, but certain state policies can make it hard for districts to align their personnel to their needs:

- State policies requiring inflexible class sizes and mandating staffing ratios limit the ability of districts to best match group sizes and teacher expertise to student needs.
- Statewide compensation incentives for longevity and master’s degrees have little correlation to student outcomes and limit resources for rewarding teachers who contribute the most.
- State tenure and dismissal policies restrict schools’ and districts’ ability to remove ineffective teachers.
- State reliance on the Carnegie unit force schools to use resources on providing “seat time” rather than fully meeting student needs.
- State turnaround policies don’t adequately account for unique school conditions.
- State policies limit the ability of districts to use untraditional providers for instruction and support.

Instead, states can:

- Eliminate class size requirements and mandated staffing ratios and replace them with a set of accountability measures that ensure that student needs are being met.
- Work to tie teacher compensation to factors more relevant to effectiveness, contribution, and job responsibilities and ease tenure and dismissal requirements.
- Set high standards and then give districts flexibility to accommodate different student needs for meeting those standards.
- Allocate school improvement funds in a manner sensitive to existing funding and needs and remove barriers to using untraditional vendors.

II. Special Education

Over the last decade, the percentage of total education spending supporting students classified as requiring special education has grown to over 20 percent.¹ Regulations, court decisions and other real and perceived restrictions have made special education largely immune to cuts, forcing budget reductions to come largely at the expense of general education students. State rules and policies often perpetuate this situation by:

- Driving significant differences in referral rates across states and districts. Creating little accountability for prudent spending on special education programs.
- Allowing students to attend the school of their choice regardless of the services they require, forcing schools to add high-cost services and staff and diluting the quality of service.
- Limiting opportunities for struggling students to work with teachers who have content expertise.

Instead, states can:

- Use early intervention approaches and revise funding formulas to help dramatically reduce special education spending while meeting the needs of struggling students.

III. State Funding Systems

State funding of education through dozens of categorical funding streams each with its own compliance and reporting requirements limits the ability of districts to meet their overarching priorities. Schools end up creating a disjointed collection of programs and positions that don't meet their actual needs. Instead states can:

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- Combine categorical funding streams and eliminate mandates that require specific staffing levels or delivery models that do not have funding attached to them.
- Shift funding rules and systems away from specifying inputs including the examples mentioned previously of specific positions, time requirements, class sizes or specific instructional models towards creating accountability around outcomes.
- Encourage districts to move to weighted student funding systems that allocate districts dollars based on the number of students adjusted for their needs to avoid wide discrepancies in per pupil spending across schools.

IV. District Data and Reporting Recommendations

Although states already require districts to report a lot of information, often it's not the right information to facilitate better decision-making at the state and local level. We propose a new set of "power metrics" to make district reporting more meaningful.

To read the full paper, including specific action recommendations and details on proposed metrics, visit to erstrategies.org.

¹Alonso, J.D. & Rothstein, R. (October 2010). *Where Has All the Money Been Going? A Preliminary Update*. Economic Policy Institute. Policy Paper #281;
